

ESTTA Tracking number: **ESTTA367972**

Filing date: **09/13/2010**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92050966
Party	Plaintiff Atlas Flowers, Inc. d/b/a Golden Flowers
Correspondence Address	CAROLINE G. BOEHM KALOW & SPRINGUT LLP 488 MADISON AVE NEW YORK, NY 10022-5706 UNITED STATES tbenschar@creativity-law.com, cboehm@creativity-law.com, ms@creativity-law.com
Submission	Reply in Support of Motion
Filer's Name	Tal S. Benschar
Filer's e-mail	tbenschar@creativity-law.com
Signature	/Tal S, Benschar/
Date	09/13/2010
Attachments	Reply Memo.pdf (12 pages)(52113 bytes) Reply Declaration of Tal S. Benschar.pdf (3 pages)(15887 bytes)

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In re Registration No. 3,074,073
Mark:



-----X		
ATLAS FLOWERS, INC. d/b/a GOLDEN	:	
FLOWERS,	:	
	:	
Petitioner,	:	Cancellation No.: 92050966
	:	
- against -	:	
	:	
GOLDEN VISION FLOWER, INC.,	:	
	:	
Registrant.	:	
-----X		

**REPLY MEMORANDUM ON MOTIONS FOR LEAVE TO AMEND
PETITION FOR CANCELLATION AND FOR SUMMARY JUDGMENT**

Petitioner Atlas Flowers, Inc. (“Petitioner”) replies on its motions to amend and for summary judgment:

I. The Motions To Amend Are Both Timely And Not Futile

Contrary to Registrant’s arguments, the motions to amend are both timely and not futile. The full basis of these amended claims was not known to Petitioner until the May 14, 2010, depositions of Mr. Huang and Ms. Chuong. Thus, unlike the cases cited by Registrant, here Petitioner required discovery in order to ascertain that these claims had a basis. Because these witnesses live abroad, they were not made available to be deposed until May 14, 2010. (*See* Benschar Reply Decl. ¶¶ 2-6)

Although prior to the May 14th depositions Petitioner had evidence that Ms. Chuong was not, in fact, Registrant’s President, falsity alone does not make out a case of fraud. The elements of fraud include a false representation, that is material, and made with an intent to deceive. *DaimlerChrysler Corp. v. AMC*, 94 U.S.P.Q.2d 1086, 1088-89 (TTAB 2010). These elements must be pleaded with particularity under Rule 9(b). *Id.*

Both the elements of materiality and intent to deceive were not developed until the May 14th depositions. As to materiality, as discussed more fully below, under the applicable Trademark Office regulations, there are various ways a person might be properly authorized to verify a Statement of Use. The May 14th deposition made clear that Ms. Chuong was not qualified under *any* provision of the regulation, and hence her misrepresentation that she was the company “President” was material. Similarly, the May 14th deposition made clear that, while Ms. Chuong is a Taiwan resident who has limited English, the Statement of Use she signed was fully explained to her by a Taiwan lawyer, and she fully understood its

import. These facts are crucial to inferring intent to deceive – and certainly were not available through Ms. Chuong’s daughter, Shi Wen Huang (deposed in December 2009), who had not even worked for Registrant in 2005 when the Statement of Use was signed.

Nor will Registrant in any way be prejudiced by the proposed amendments. The only prejudice even offered by Registrant is that it “*might* feel compelled to seek additional discovery from counsel who prepared the Statement of Use.” (Opposition Br. at 3, emphasis added) Discovery is not closed. Fact discovery was set to close on July 18, 2010; Registrant filed its motion on June 25, 2010, and proceedings were then stayed. If summary judgment is not granted and proceedings reinstated, then Registrant will have sufficient time to take the one deposition that it “might feel compelled to take.”

Nor are the proposed amendments futile. Whether a proposed amendment can be denied as “futile” is judged on the standard of whether it is legally sufficient, *i.e.*, whether it states a claim on its face. *See Trek Bicycle Corp. v. StyleTrek Ltd.*, 64 U.S.P.Q.2d 1540, 1541 (TTAB 2001); *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 U.S.P.Q.2d 1503, 1506 (TTAB 1993). Registrant does not even argue that the proposed amendments are not legally sufficient; a review of the proposed amendments (Benschar Decl. Exh. A) indicates they are. In short, given the absence of prejudice or any other reason to deny it, the motion to amend should be granted.

II. Registrant Has Failed To Identify Any Material Defects In The Translations Of The Depositions

Registrant originally sought to extend briefing on the instant motions so that it could file a separate motion to strike the depositions based on supposedly faulty translations.

(Motion 7/19/10) The Board granted the motion in part, but instructed that any attack on the validity of the translations should be made part of the brief in opposition to summary judgment. (Order 7/27/10) Registrant has included such an attack. Yet, it has utterly failed to demonstrate that any translation problem is in any way material to the issues raised in the pending summary judgment motion.

Registrant acknowledges that “translators can disagree.” The differences in the parties’ translations is simply a function of that reality – two translators will always produce differing translation. That is the nature of translation itself. The translations submitted by Petitioner are on their face more than adequate for the purpose of determining the summary judgment motion, and Registrant has failed to demonstrate otherwise. Petitioner will, accordingly, continue to rely on its own translations, as indeed does Registrant. (*See* Opposition Br. at 8)

III. Ms. Chuong’s False And Fraudulent Signature As Company “President”

A. Ms. Chuong Was Not Qualified To Sign The Statement Of Use

A person who is properly authorized to verify facts on behalf of an owner is:

- (1) A person with legal authority to bind the owner [e.g., a corporate officer or general partner of a partnership];
- (2) A person with firsthand knowledge of the facts and actual or implied authority to act on behalf of the owner; or
- (3) An attorney as defined in §11.1 of this chapter who has an actual written or verbal power of attorney or an implied power of attorney from the owner.

37 C.F.R. § 2.33(a); *see* TMEP §§ 611.03(a) and 804.04.

Ms. Chuong fails to qualify under any of the subsections. Since Registrant does not argue that she is an attorney, subsection (3) does not apply. As to subsections (1) and (2),

there is clearly a basic difference between them; if they referenced the same type of authority, the subsections would be redundant and the “firsthand knowledge” requirement of subsection (2) would be rendered meaningless. Yet Registrant seeks to confuse the analysis by conflating subsections (1) and (2) and pointing to her husband’s, Registrant’s true president, *ad hoc* authorization to sign the application to the Trademark Office. (See Opposition Br. at 12-14)

Subsection (1) by its terms means authority as a matter of law to bind the legal entity. For corporations, this means a corporate officer, *i.e.*, “a person who holds an office established in the articles of incorporation or corporate bylaws.” TMEP § 611.06(d). Ms. Chuong never had any such position with Registrant. That first became clear at her and her husband’s deposition. (Benschar Exh. C, Mr. Huang Tr. 22:16 – 24:5; Benschar Exh. D, Chuong Tr. 13:11 – 14:16, 15:8) The *ad hoc* authorization of Ms. Chuong by her husband, Mr. Huang, to sign the submission to the Trademark Office simply does not qualify her under subsection (1).

While such an authorization might qualify under subsection (2), that subsection *also* requires that the person have “firsthand knowledge of the facts” being verified. Ms. Chuong’s testified that she had no first-hand knowledge of the use of the trademark made by Golden Vision – she was “not involve[d]” in such sales. Indeed she resides in Taiwan and only relied upon second-hand reports from Florida. (See Chuong Tr. 40:17-23, 41:2-6, 42:13-23, 45:1 – 47:19)

Ms. Chuong’s current declaration that she was “personally aware” that the items were “offered for sale” by Registrant (Chuong Decl. ¶ 4, submitted as Dawson Exhibit C) is,

for several reasons, not a basis to find her qualified. First, being “personally aware” does not necessarily equate with “first hand knowledge.”¹ Second, the declaration controverts her deposition testimony, and must accordingly be ignored. “A party cannot create an issue of fact by supplying an affidavit contradicting his prior deposition testimony, without explaining the contradiction or attempting to resolve the disparity.” *Sinskey v. Pharmacia Ophthalmics, Inc.*, 982 F.2d 494, 498, 25 USPQ2d 1290 (Fed. Cir. 1992), *cert. denied*, 508 U.S. 912 (1993). Third, as discussed below, it is clear that Registrant’s only use of the registered mark relied upon to obtain the registration was in connection with actual sales, not offers for sale, of the products. Whatever Ms. Chuong’s knowledge of offers for sale, it is clear that the actual sales (and use of the mark at issue) were processed through Registrant’s Florida office. Any knowledge of that by Ms. Chuong was, at best, second hand.

B. The Falsehood Was Material

Quite amazingly, Registrant apparently argues that the misrepresentation of Ms. Chuong as President would not have affected the application and hence is not material. (Opposition Br. at 12) Notwithstanding that, “[g]enerally, the Office does not question the authority of the person who signs an affidavit or declaration verifying facts, unless there is an inconsistency in the record as to the signatory’s authority to sign,” TMEP § 611.03(a), that is not a license to lie to the Trademark Office about one’s status in connection with the applicant to qualify a person not in fact qualified to sign a verification. All the TMEP

¹ Indeed, given that Petitioner cited the applicable Trademark Office regulation in its initial brief, one would think it a simple matter for Ms. Chuong and her counsel to draft a declaration claiming “first hand knowledge” in compliance with the regulation. That they chose a different phrase indicates that her knowledge was otherwise than required.

means is that the Trademark Office will accept such verifications at face value unless there is an apparent issue as to authority. That hardly renders falsehoods about authority immaterial.

The fact that the Examining Attorney accepted Ms. Chuong's signature as "Manager General" on the initial application also proves nothing. While the TMEP recognizes that "usually" a "General Manager" will be a mere employee, not an officer of a corporation, TMEP § 611.06(d), that is merely a generality as to which there could be exceptions. Furthermore, as noted above, Ms. Chuong might have been qualified to sign the verification as a "person with firsthand knowledge of the facts and actual or implied authority to act on behalf of the owner." Apparently, the Examining Attorney accepted at face value that Ms. Chuong was qualified to sign the verifications in the Application and Statement of Use, and did not go beyond her false self-identifications as "Manager General" and "President." But, now that discovery has revealed that Ms. Chuong was, in fact, not qualified to sign the verifications, these are material falsehoods.

C. Intent To Deceive Has Been Demonstrated

Clearly, Ms. Chuong knew that, in fact, she was not the President of Registrant, as she readily testified. (Chuong Tr. 39:15-17) Her attempt to avoid a finding of intent to deceive by claiming that her Taiwanese lawyer translated the entire Statement of Use except for the one word "President" (Chuong Decl. ¶ 5) is an after-the-fact explanation which is inherently incredible (why would the lawyer translate every word but that one?) and should be rejected on this motion. *See Intl. Assoc. of Machinists v. Winship Nursing Ctr.*, 103 F.3d 196, 206 (1st Cir. 1996) ("summary judgment cannot be sidestepped by pointing to evidence

that is merely colorable or suggestive, or evidence that lacks substance, or evidence that is inherently incredible) (citations omitted); 10A Charles Alan Wright, Arthur R. Miller, & Mary Kay Kane, *Federal Practice and Procedure* § 2727 (3d ed. 2008) (In ruling on summary judgment motion, “the court may disregard an offer of evidence that is too incredible to be believed.”)

Moreover, this assertion contradicts her deposition testimony that, in 2010, nearly five years later, she could not remember the details of the document and what parts the lawyers explained to her. (Chuong Tr. 27:14-24) Ms. Chuong also testified that her lawyers explained the entire document to her. (*See id.*) She cannot now be heard to contravert that testimony with the lame excuse that they translated all but one word.

Furthermore, as pointed out by Petitioner in its main memorandum, a Statement of Use is a basic statutory requirement, 15 U.S.C. § 1051(d), the lack of which renders the application void *ab initio* even without showing an intent to deceive. (See Pet. Br. at 21)

IV. Petitioner Has Proven Its Fraud Claim As To Use Of The Mark

Registrant does not dispute that misrepresentation as to use, if shown, would be material. But, Registrant attempts to obfuscate the record as to use and intent to deceive. A review of the record indicates that Registrant made false, material misrepresentations as to use of at least five categories of products listed on its registration, and that such was done intentionally or at least recklessly.

A. There Was No Use Of The Mark As To Five Categories Of Goods

First, Registrant seeks to obfuscate the issue of whether there was *any* use of the mark. But Petitioner’s motion is directed only to five of the thirteen different goods listed in the registration. That there may be evidence of record supporting use of the mark as to the other categories is irrelevant. Indeed, it is sufficient to grant summary judgment for Petitioner to demonstrate fraud as to *even one* of the thirteen product categories, since “[a] finding of fraud with respect to a particular class of goods or services renders any resulting registration void as to that class.” *Meckatzer Lowenbrau Benedict Weis KG v. White Gold, Inc.*, Cancellation No. 92051014 (TTAB May 13, 2010) (precedential) at 7. Mr. Huang, Registrant’s President, whose testimony binds the company, unequivocally testified that the company *never* used the mark with respect to “Cut flowers, dried flowers . . . Dried plants . . . [and] Fresh herbs and raw herbs.” (Tr. 43:10-17, Tr. 43:23-2, 46:16-20, Tr. 47:20 – 48:12).

Second Registrant conflates sales and offers for sale of the goods listed in its registration. As set forth in Mr. Huang’s declaration (Dawson Exh. B), from 2004 until late 2006, the use of the mark in the registration was on a tag attached “to *each item sold* by [Registrant].” (Huang Decl. ¶ 5 and Exh. A) (emphasis added) This is the same tag submitted with the Statement of Use. As Mr. Huang’s own declaration makes clear, these tags were affixed on items sold; they were not used in connection with offers for sale. The fact that Registrant may have *offered* some categories of goods in 2004 has no bearing on use of the mark, since such offers simply were not in connection with use of the mark.

Contrary to Registrant's argument, its President clearly testified that there was no sale of these items. For example, Mr. Huang clearly testified that the company never sold fresh or raw herbs. (Huang Tr. 48:10-11)

B. Intent To Deceive Or Recklessness Has Been Demonstrated

The circumstantial evidence demonstrating an intent to deceive have been set forth at length in Petitioner's main brief and will not be repeated here. Registrant's attempt to rely on a "language barrier" to obfuscate its fraud should be rejected. Ms. Chuong, who signed the document on behalf of Registrant, admits that her Taiwan lawyer translated the body of the document to her (Chuong Decl. ¶ 5) The Statement of Use is not some esoteric, legal document – it states in plain terms that the Registrant has, in fact, used the mark in connection with the listed goods. (*See* Benschar Exh. E) Ms. Chuong clearly understood what she was signing. Further, she now asserts that was "personally aware" of the true state of the facts as to the company's business dealings. (Chuong Decl. ¶ 5) Since these averments have been shown to be false, a verification made with full understanding of what is being represented and what the true facts are is done knowingly and with intent to deceive. The cases relied upon by Registrant are not to the contrary. In *Enbridge, Inc. v. Excelrate Ltd. Partnership*, 92 U.S.P.Q.2d 1537 (TTAB 2009), the Board denied summary judgment because, as to one category, the registrant had amended its registration and so there was evidence of good faith, and as to another, there was ambiguity about what a term ("production of energy") meant in the industry, and it was not clear that the registration was even false, let alone fraudulent. In *DaimlerChrysler Corp. v. AMC*, 94

U.S.P.Q.2d 1086 (TTAB 2010), there was simply a lack of direct or circumstantial evidence sufficient to sustain a claim of fraud on summary judgment.

The reality of *this* case is plain in the record. Registrant started its business in 2004. It had hopes of selling thirteen different categories of goods under its mark. Those hopes materialized as to some categories (notably orchids) but fell completely flat as to others (*e.g.*, fresh or raw herbs). Rather than amend its registration, Registrant simply blithely asserted that the mark had been used on all thirteen items through use of a tag affixed to items sold – even though, the company never sold a number of the goods listed.

CONCLUSION

For the foregoing reasons, and for the reasons stated in Petitioner's initial motion papers, the motions to amend and for summary judgment should be granted in their entirties.

Dated: September 13, 2010
New York, New York

Respectfully Submitted,

KALOW & SPRINGUT LLP
Attorneys for Petitioner

A handwritten signature in black ink, appearing to read 'Tal S. Benschar', with a long horizontal stroke extending to the right.

Milton Springut
Tal S. Benschar
488 Madison Avenue
New York, New York 10022
(212) 813-1600

DECLARATION OF SERVICE

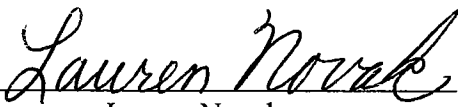
LAUREN NOVAK declares that:

1. I am an assistant with KALOW & SPRINGUT LLP, attorneys for the Opposer in the captioned proceeding, and that on the execution date which appears below, a true copy of the annexed **REPLY MEMORANDUM ON MOTION FOR LEAVE TO AMEND PETITION FOR CANCELLATION AND FOR SUMMARY JUDGMENT** was served via e-mail and U.S. Mail upon the following addressee:

Jeffrey S. Dawson, Esq.
56 Fourth Street, NW, Suite 100
Winter Haven, Florida 33881
jdawson@jdawsonlaw.com

2. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that all of the foregoing is true and correct.

Executed on September 13, 2010
New York, New York

By: 
Lauren Novak

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In re Registration No. 3,074,073
Mark:



-----X	
ATLAS FLOWERS, INC. d/b/a GOLDEN	:
FLOWERS,	:
	:
Petitioner,	:
	:
- against -	:
	:
GOLDEN VISION FLOWER, INC.,	:
	:
Registrant.	:
-----X	

Cancellation No.: 92050966

REPLY DECLARATION OF TAL S. BENSCHAR

TAL S. BENSCHAR declares that:

1. I am a partner with Kalow & Springut LLP, counsel for Petitioner in the above captioned action. I submit this reply declaration in further support of Petitioner's Combined Motion for Leave to Amend the Petition for Cancellation and for Summary Judgment.
2. As part of discovery in this proceeding, our interrogatories asked Registrant to identify persons with knowledge of the facts of the proceeding. Registrant identified only two individuals, both of whom were based in Florida.

3. The depositions of those two individuals were accordingly noticed; the first of which was taken on December 9, 2009 of Ms. Shi Wen Huang. It became clear from Ms. Huang's testimony that she and the other person identified were sisters who began to work in their parents' business in 2007, and that they had little knowledge of the application which led to the subject registration, which had taken place in or about 2004 to 2005. Ms. Huang identified her parents, Shun Chi Huang and Li Ying Chuong, as persons who would be knowledgeable about these events.

4. While Ms. Huang's testimony was sufficient to assert one set of amendments (namely fraud related to claims of use of product categories of goods as to which the mark was never in fact used), her testimony did not reveal the basis of the new claims Petitioner now seeks to amend. These were only first revealed in the depositions of Mr. Huang and Ms. Chuong on May 14, 2010.


5. Shortly after the December 9, 2009 deposition of Ms. Huang, we noticed the depositions of her parents, Shun Chi Huang and Li Ying Chuong, since Ms. Huang had represented that they regularly travel to the United States on business about every two months.

6. As it turned out, they did not travel to the United States until May of 2010. After considerable back and forth and negotiation with counsel, Registrant finally produced these two witnesses for depositions in Florida on May 14, 2010.

7. Our office worked diligently thereafter to file the instant motions to amend and for summary judgment. We did not receive the deposition transcripts until the end of May 2010. We then worked as quickly as we could to put together the combined motions, which were filed on June 25, 2010.

8. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed: September 13, 2010
New York, New York


By: _____
Tal S. Benschar